



## Integrity and governance key to economic growth



ICAC Commissioner,  
Fanny LAW Fan Chiu-fun

Leveraging on the Mainland boom and continued expansion of the Closer Economic Partnership Arrangement, Hong Kong is embracing another year of promising economic boost.

Widely recognised as a city of efficiency, vitality and innovation, Hong Kong enjoys competitive edges inherent in its institutional strengths. These strengths include the rule of law, clean public and private sectors, a friendly business environment and an effective regulatory regime. Our sound integrity and governance system received acclaim from a global anti-corruption watchdog – the Transparency International (TI) – in its integrity system report published this month.

According to another TI survey released last October, Hong Kong was rated the 15th cleanest amongst 163 places and the second cleanest in Asia. While we welcome the continued drop in graft reports over the past few years, the ICAC remains unrelenting in its anti-corruption actions. In 2006, we achieved a record conviction rate of 88 per cent. This speaks volumes for Hong Kong's "zero tolerance" policy towards corruption.

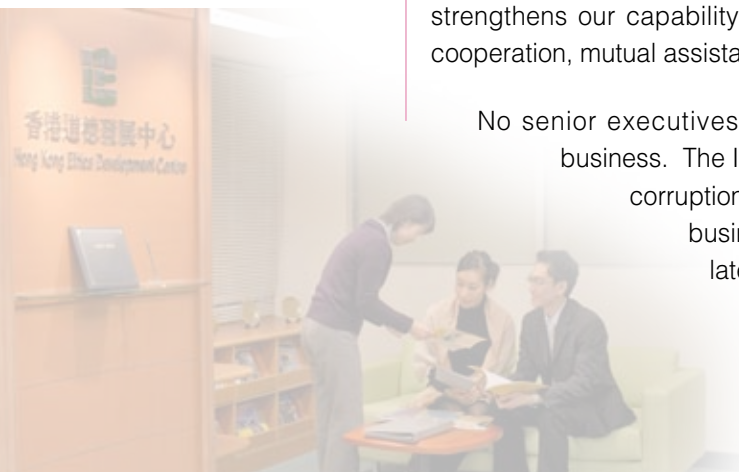
### Close partnership with business community

In recent years, the ICAC had taken on quite a number of business graft and fraud cases, with a few involving listed companies. Amongst those prosecuted in these cases, 66 per cent were professionals and senior executives, including company chairmen and directors. We will continue to enhance our partnership with the business community in promoting good governance and ethical practices through the **Hong Kong Ethics Development Centre** we set up under the auspices of six major chambers of commerce.

Notwithstanding the positive outlook of the corruption scene, we will not underestimate the challenges facing us. Facilitated by advanced information technology and globalisation, corruption spreads its tentacles across borders. The application of the United Nations Convention Against Corruption to Hong Kong early last year came as a timely impetus. It strengthens our capability to tackle transnational corruption through increased international cooperation, mutual assistance, exchange of information and asset recovery.

No senior executives will overlook the potential risk of corruption and fraud to your business. The ICAC is ready to help enterprises strengthen risk control and conduct corruption prevention reviews and staff integrity training. For cross-boundary businessmen, we are updating a corruption prevention guidebook on the latest laws, regulations and best practices on both sides of the border.

I look forward to an even closer partnership with the business community in the new year.





## Top banker landed in jail for bribery

Imprisonment was the end game for the general manager of a bank who allowed bribery to grease his palms in signing off bank loans and credit facilities amounting to HK\$900 million (about US\$115 million) to a businessman.

With the help of the corrupt banker, the businessman had not only obtained huge loans to finance his property investments but also cheated the bank of Letter of Credit (L/C) facilities based on bogus business transactions amongst shell companies.

Investigations revealed that the banker had accepted over a period of four years cash bribes totalling over HK\$500,000 (including HK\$200,000 and US\$40,000) and expensive watches as rewards for approving the mortgage loans and L/C facilities.

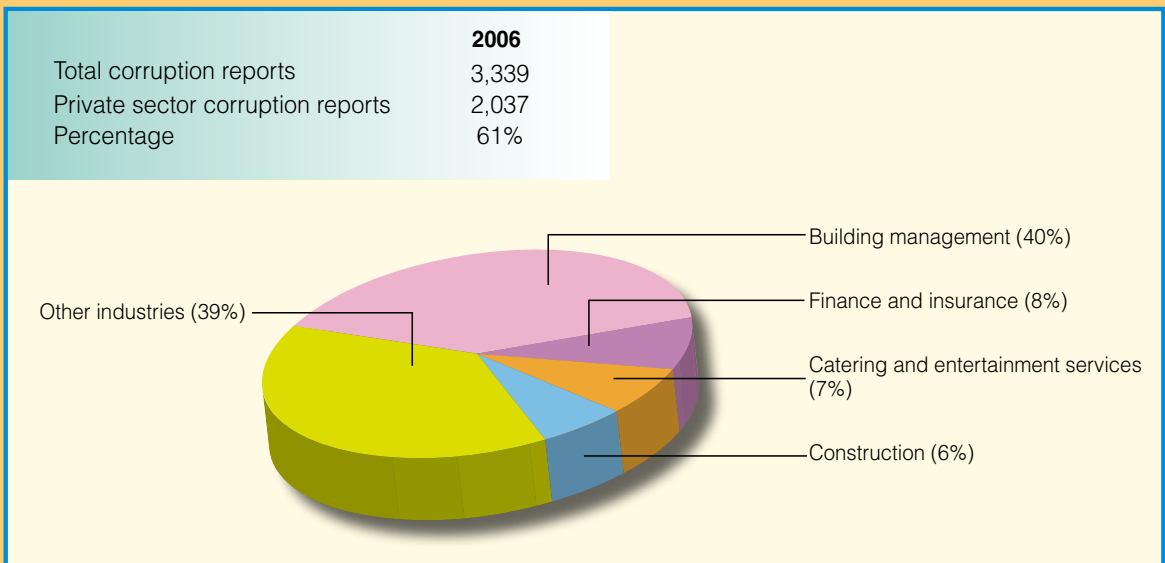
### Fall from grace

The bank's general manager, who climbed to the top post from an office assistant through years of hard work, was landed in jail for four years after being convicted of four offences of accepting advantages under the Prevention of Bribery Ordinance. The court also ordered him to repay HK\$670,000 to the bank.

To uphold Hong Kong's reputation as a clean financial centre, the trial judge ruled that a deterrent sentence needed to be handed down, highlighting the strong attitude of the court in dealing with serious business corruption cases.



### Private sector corruption reports



## Put ethics into action

A spate of corporate failures across continents in recent years bear testimony to the importance of business ethics. In Hong Kong, we have seen a number of senior executives and professionals pay a high price for involvement in corruption and fraud cases over the past years. Prevention is better than cure. The ICAC has stepped up its efforts to promote ethical leadership and management as a safeguard against corruption.

Last year, over 3,000 professionals from 11 professional bodies including certified public accountants, chartered secretaries, architects, surveyors, engineers, financial and insurance intermediaries, and real estate agents attended ICAC's corruption prevention talks as an accredited subject of their continued professional development programmes.

Through training workshops, talks and seminars, the ICAC reaches out to over 7,000 managers of various trades each year to alert them to possible corruption loopholes and help them strengthen internal control and staff training. We also offer corruption prevention services to listed companies in Hong Kong. In September 2007, we will join hands with the Hong Kong Institute of Directors, regulators, professional bodies and chambers of commerce to organise a forum for directors on ethical leadership and good governance.

### Ethical leadership for new generation

Earlier this month, the ICAC concluded a project – “*Ethical Leadership for the New Generation*” Training Programme – targetted at tertiary students. The nine-month youth project culminated in a Youth Summit on March 10. The Summit attracted about 500 students from local, Mainland, Macao and overseas tertiary education institutions who are keen to learn first hand the experiences in ethical leadership from prominent business leaders.

Chairman of the youth project's organising committee, Mr Moses Cheng Mo-chi, who is also the Chairman of the Citizens Advisory Committee on Community Relations (CACCR) of the ICAC, told the Youth Summit that Hong Kong's leading edge lies in “a culture that would respect doing things right and doing things not just at acceptable standards”.



Mr Moses Cheng Mo-chi,  
Chairman of CACCR



### Integrity tools for business managers

#### *A Tool Kit on Managing Staff Integrity for Financial Services Sector*

- A multi-media package to help managers engaged in cross-boundary financial services enhance staff integrity.

#### *An Information Pack for Overseas Investors*

- A concise guide on anti-corruption laws in Hong Kong and consultancy services of the ICAC will be launched in late March.

For more details, please contact the [Hong Kong Ethics Development Centre](#).

(Tel: 2587 9812; e-mail: [hkedc@crd.icac.org.hk](mailto:hkedc@crd.icac.org.hk))